

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 CIAE-00 COME-00

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R 211419Z SEP 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 4152

INFO AMEMBASSY BRASILIA

AMEMBASSY LONDON

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 3558

EO 11652: NA

TAGS: EAGR, ETRD, BR

SUBJ: BRAZILIAN SOLUBLE COFFEE INDUSTRY

REF: (70) RIO DE JANEIRO 2846, STATE 211638

1. FOLLOWING DATA OBTAINED BY FAS FROM SOLUBLE COFFEE INDUSTRY
TRADE GROUP, HEADQUARTERED IN RIO. PLANTS' PRODUCTION CAPACITY
FIGURES ARE IN BAGS OF GREEN COFFEE EQUIVALENT PER YEAR:

CAPACITY

PRODUCING COMPANY, STATE	(THOUSANDS OF BAGS)	PROCESS
CACIQUE, PARANA	660	SPRAY
DOMINIUM, SAO PAULO	590	SPRAY
IGUACU, PARANA	500	SPRAY & FREEZE
COCAM, SAO PAULO	375	SPRAY & FREEZE
ALPHA, RIO DE JANEIRO	320	SPRAY
NESTLE, SAO PAULO	300	SPRAY & FREEZE
BRASILIA, MINAS	285	SPRAY
VIGOR, SAO PAULO	210	SPRAY
FRUSOL, SAO PAULO	204	FREEZE

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REAL CAFE, ESPIRITO SANTO 175 SPRAY

MOGI, SAO PAULO 150 FREEZE

2. FRUSOL (SUBSIDIARY OF COCA-COLA) AND NESTLE HAVE 100 PERCENT FOREIGN OWNERSHIP. OTHER COMPANIES WITH FOREIGN INTERESTS ARE: IGUACU (40 PERCENT JAPANESE) AND COCAM (4 PERCENT GERMAN). NONE OF THE COMPANIES HAVE ANY GOB-OWNERSHIP. DOMINIUM WAS CONTROLLED FOR A TIME BY GOB BUT IS NOW BACK IN PRIVATE HANDS.

3. PRODUCTION FIGURES ARE NOT AVAILABLE. RECENT EXPORT FIGURES (IN BAGS OF GREEN COFFEE EQUIVALENTS) ARE:

YEAR	60 KG. BAGS IN MILLIONS OF BAGS	VALUE IN MILLIONS OF DOLLARS
1974	1.85	116.0
1975	1.5	79.4
1976 (THROUGH JULY 31)	1.267	108.0

SINCE SOME SOLUBLE COFFEE IS CONSUMED IN DOMESTIC MARKET, TOTAL PRODUCTION IS GREATER THAN EXPORT FIGURES. IN CONVERSATION WITH CONGEN OFFICER, INTERBRAS DIR CITED FIGURE OF 2 MILLION BAGS (OF GREEN COFFEE) AS CURRENT ANNUAL BRAZILIAN SOLUVEL INDUSTRY REQUIREMENT. CONGEN BELIEVES THIS FIGURE TO BE GOOD ESTIMATE.

4. IN MAY, IBC WAS SUPPLYING SOLUBLE INDUSTRY WITH COFFEE FROM ITS STOCKS AT PRICE OF CR\$1,010 PER BAG. GREEN COFFEE PRICE IN THE DOMESTIC MARKET WAS THEN IN CR\$1,500-1,600 RANGE. ALTHOUGH IBC OFTEN REVISES PRICE TO SOLUBLE INDUSTRY CONSTANT RATIO TO DOMESTIC PRICE IS USUALLY MAINTAINED. THUS, WITH CURRENT COFFEE PRICES AT CR\$1,400-1,500 IBC PRICE TO SOLUBLE INDUSTRY SHOULD BE CR\$60-70 BELOW MAY PRICE. SOLUBLE PROCESSORS ARE LIMITED IN AMOUNT OF COFFEE THEY CAN BUY FROM IBC STOCKS, TYPICALLY COMPANIES CAN OBTAIN UP TO ONE-THIRD OF THEIR ANNUAL GREEN COFFEE REQUIREMENTS IN THIS MANNER. OFFICIAL EXCHANGE RATE IS CURRENTLY CR\$11.3 PER US DOLLAR FOR BUY AND CR\$11.37 PER US DOLLAR FOR SELL.

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